

VIRGINIA:

BEFORE THE VIRGINIA GAS AND OIL BOARD

SUPPLEMENTAL ORDER REGARDING

ELECTIONS, UNIT: VC-2585

(herein "Subject Drilling Unit")

DOCKET NO. VGOB-96/01/16-0528

REPORT OF BOARD

FINDINGS AND ORDER

1. This Supplemental Order is entered by the Board sua sponte in the form authorized by the Board at its hearing held at 9:00 a.m. on October 20, 1992, Board of Supervisors Room, Courthouse, Grundy, Virginia, and pursuant to authority granted to the Board's Chairman at the hearing of the Virginia Gas and Oil Board on June 16, 1992 at 9:00 a.m. at the Rhododendron Restaurant at the Breaks Interstate Park, Breaks, Virginia; and this Supplemental Order is being recorded for the purpose of (1) complying with the requirements of § 7.c of the Virginia Gas and Oil Board Regulations, VR 480-05-22.2 by supplementing the Order previously issued by the Board for the subject Docket on February 5, 1996 and recorded in Deed Book 315, Page 001 in the Office of the Clerk of the Circuit Court, Dickenson County, Virginia on February 9, 1996, (herein "Board Order") to complete the record regarding elections. The Board Order pooled all interests in Subject Drilling Unit including those of the Respondents more particularly set forth and identified by the Designated Operator in the affidavits attached hereto and made a part hereof. The Board finds it has jurisdiction over the subject matter pursuant to the provisions of the Virginia Gas and Oil Act, § 45.1-361.1 et seq., Virginia Code, 1950 as amended.

2. Findings: The Board finds that:

(a) The Board Order directed Equitable Resources Exploration (herein the "Designated Operator"), to mail copies of the Board Order to all Respondents whose interests, if any, were pooled by said Board Order;

(b) The Designated Operator filed its affidavit of mailing dated February 21, 1996, disclosing that it had mailed a true and correct copy of the Board's Order to all Respondents whose interests, if any, were pooled by said Board Order;

(c) The Board Order required each Respondent whose interests, if any, were pooled by the terms of said Board Order to make his or her election within thirty (30) days after the date of mailing or recording, as applicable, of said Order; the Designated Operator has filed its affidavit dated March 29, 1996 in accordance with 7.c of the Virginia Gas and Oil Board Regulations and VR 480-05-22.2 (herein "Affidavit of Election"), wherein it has, for each Respondent whose interests, if any, were pooled by said Board Order, stated: (i) whether each Respondent has made or failed to make a timely election; (ii) the nature of the election made, if any; (iii) whether, by reason of a failure to elect or to timely elect one or more

Respondents are deemed, under the terms of the Board's Order, to have leased all their rights, title, interests, estates and claims in Subject Drilling Unit to the Designated Operator;

(d) The Board Order further required the Designated Operator, after expiration of the election period, to file with the Board a statement of the interests subject to escrow under the terms and provisions of the Board Order, in light of the elections made or deemed to have been made (herein "Statement of Interests"); that the Designated Operator furnished said Statement of Interests as part of its Affidavit of Election. A copy of which is attached hereto.

(e) Current Board standards requiring the escrow of funds and the Board's agreement with its Escrow Agent, Premier Trust Company, 29 College Drive, P. O. Box 1199, Bluefield, Virginia 24605, or any successor named by the Board, require the entry of a Supplemental Order establishing of record the elections made or deemed to have been made and specifying the sums or percentage thereof subject to escrow.

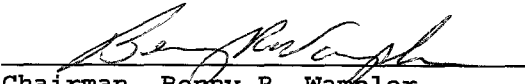
3. Order: By this Order, the Board orders the Designated Operator to tender, consistent with and in accordance with the findings set forth at paragraph 2. above and the annexed Affidavits, any funds subject to escrow and instructs the Escrow Agent, Premier Trust Company, 29 College Drive, P. O. Box 1199, Bluefield, Virginia 24605, or any successor named by the Board to establish interest-bearing escrow account(s), IRS Tax Identification Number 54-1629506, in accordance with the information set forth in said Affidavits to receive such funds and account to the Board therefore.

4. Mailing of Order and Filing of Affidavit: The Designated Operator under the captioned order or its Attorney shall file an affidavit with the Secretary of the Board within ten (10) days after the date of receipt of this Order stating that a true and correct copy of this Order was mailed within seven (7) days from the date of receipt of this Order to each person whose interest or claim is subject to escrow and whose address is known.

5. Conclusion: Therefore, the findings and all terms and provisions set forth above be and hereby are granted and IT IS SO ORDERED.

6. Effective Date: This Order shall be effective on the date of its execution.

DONE AND EXECUTED this 4<sup>th</sup> day of April 1996, by a majority of the Virginia Gas and Oil Board.

  
Chairman, Benny R. Wampler

STATE OF VIRGINIA)  
COUNTY OF WISE )

Acknowledged on this 4th day of April, 1996, personally before me a notary public in and for the Commonwealth of Virginia, appeared Benny Wampler, being duly sworn did depose and say that he is Chairman of the Virginia Gas and Oil Board, that he executed the same and was authorized to do so.

Susan G. Garrett  
Susan G. Garrett  
Notary Public

My commission expires 7/31/98

DONE AND PERFORMED this 4th day of April 1996 by Order of this Board.

Byron T. Fulmer  
Byron Thomas Fulmer  
Principal Executive to the Staff  
Virginia Gas and Oil Board

STATE OF VIRGINIA  
COUNTY OF WASHINGTON

Acknowledged on this 4th day of April, 1996, personally before me a notary public in and for the Commonwealth of Virginia, appeared Byron Thomas Fulmer, being duly sworn did depose and say that he is Principal Executive to the staff of the Virginia Gas and Oil Board, that he executed the same and was authorized to do so.

Diane J. Davis  
Diane J. Davis  
Notary Public

My commission expires 9/30/97

V I R G I N I A:

BEFORE THE VIRGINIA GAS AND OIL BOARD

IN RE:

Application of Equitable Resources Exploration for Forced Pooling of Interests in Unit Number VC-2585, VGOB Docket No. VGOB-96/01/16-0528 in the Ervinton Magisterial District of Dickenson County, Virginia

AFFIDAVIT OF HUNTER, SMITH & DAVIS, Attorneys-at-Law, Agents for the Designated Operator REGARDING ELECTIONS, ESCROW ACCOUNTS AND SUPPLEMENTAL ORDER

James E. Kaiser (herein Affiant), being first duly sworn on oath, deposes and says:

1. That the Affiant is an attorney in the law firm of Hunter, Smith & Davis, the Agent for the Designated Operator, with offices located at 1212 North Eastman Road, Kingsport, Tennessee 37664, and is authorized to give this Affidavit in its behalf;
2. That the Order entered on February 5, 1996, by the Virginia Gas and Oil Board regarding the captioned CBM Unit required the Applicant to mail a true and correct copy of said Order to each person pooled by said Order;
3. That within seven (7) days of the receipt of an executed copy of the Order referred to at Paragraph 2. above, the Affiant was directed to cause a true and correct copy of said Order to be mailed via the United States Postal Service to each Respondent named in the captioned Application, whose address was known, and to all persons, if any, who were added as Respondents at the hearing held in captioned matter;
4. That the Order of the Virginia Gas and Oil Board in the captioned matter required all persons pooled thereby to tender their written elections to the Unit Operator within thirty (30) days of the date said Order was recorded in the county above named; that said Order was recorded on February 9, 1996;
5. That the Designated Operator, by and through their agent, HUNTER, SMITH & DAVIS, Attorneys-at-Law, have established procedures to review all mail received and all written documents received by means other than by mail to ascertain whether parties whose interest have been pooled have made a written election, in a timely fashion, as required by the captioned Order; that said procedures were followed to identify the elections, if any, made

with regard to Subject Unit; that the following persons delivered, by mail or otherwise, written elections to the Unit Operator, within the thirty day election period:

None.

6. That the interest and/or claims of the following persons (who made timely elections, or who are deemed under the terms of the Board's Order to have leased, or who, subsequent to the pooling hearing held in the captioned matter, have leased or otherwise entered into an agreement with the Designated Operator) are subject to escrow under the Board's Order pooling the captioned Unit, Board Regulations and the Code of Virginia; that opposite the name of each person named as a Respondent listed below is set forth:

TRACT 3:

Gas Estate:

- 1) Barnum S. Powers, Jr., et ux. deemed to have leased  
(conflicting claimants)  
 $0.188\% \times 1/8 = 0.0002350$  Royalty Interest
- 2) Franklin Powers, single deemed to have leased  
(conflicting claimants)  
 $0.188\% \times 1/8 = 0.0002350$  Royalty Interest
- 3) Darrell C. Powers et ux. deemed to have leased  
(conflicting claimants)  
 $0.188\% \times 1/8 = 0.0002350$  Royalty Interest
- 4) Gaynell Sykes et vir deemed to have leased  
(conflicting claimants)  
 $0.188\% \times 1/8 = 0.0002350$  Royalty Interest
- 5) Betty Lou Powers, widow, deemed to have leased  
(conflicting claimants)  
 $0.188\% \times 1/8 = 0.0002350$  Royalty Interest

OR

Coal Estate:

- 6) Clinchfield Coal Co. deemed to have leased  
(conflicting claimants)  
 $0.940\% \times 1/8 = 0.00117500$  Royalty Interest

7. That after the pooling hearing held in the captioned matter, the following persons have leased or entered into a voluntary agreement with the Designated Operator with regard to their interest and/or claims which are not subject to escrow:

None.

8. That the following persons have not made a timely election and have failed to enter into an agreement with the Designated Operator and their respective interests shall be deemed to have leased pursuant to and in accordance with paragraphs 3 and 2(c) of the Order.

Tract 3 Gas Estate:	<u>Name</u>	<u>Cash Consideration</u>
	Barnum S. Powers, Jr., et ux.	0.110 Acres x \$5 = \$0.56
	Franklin Powers, Single	0.110 Acres x \$5 = \$0.56
	Darrell C. Powers et ux.	0.110 Acres x \$5 = \$0.56
	Gaynell Sykes et vir	0.110 Acres x \$5 = \$0.56
	Betty Lou Powers, Widow	0.110 Acres x \$5 = \$0.56

9. That pursuant to the provision of VR 480-05-22.27.C and VR 480-05-22.2.8, annexed hereto and incorporated herein is a proposed supplemental order to be entered to complete the record regarding elections; that said annexed supplemental order sets forth and identifies the conflicting claims and/or interest which require escrow of funds pursuant to the terms of §§ 45.1-361.21.D, 45.1-361.22.A.3 and 4.

Dated at Kingsport, Tennessee, this 29th day of March 1996.

James E. Kaiser  
Affiant

Taken, subscribed and sworn to before me by James E. Kaiser, the Agent of Equitable Resources Exploration, a corporation, on behalf of the corporation, this 29 day of March 1996.

My commission expires: 5-30-99

Jim Cox  
Notary

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**EXHIBIT "B"**  
**VC-2585**  
 VGOB-96/01/16-0528

<u>TRACT</u>	<u>LESSOR</u>	<u>LEASE STATUS</u>	<u>INTEREST WITHIN UNIT</u>	<u>GROSS ACREAGE IN UNIT</u>	<u>NET REVENUE INTERESTS</u>
<u>Gas Estate Only</u>					
1	Pine Mountain Oil & Gas, Inc. Attn: Richard Brillhart P. O. Box 4000 Lebanon, VA 24226	Leased-EREX 241490L Tract T-411	96.270%	56.580	0.12033750
	Equitable Resources Exploration				0.84236250
<b>Tract 1 Totals</b>			96.270%		0.96270000
2	Pine Mountain Oil & Gas, Inc. Attn: Richard Brillhart P. O. Box 4000 Lebanon, VA 24226	Leased-EREX 241490L Tract T-408	2.790%	1.640	0.00348750
	Equitable Resources Exploration				0.02441250
<b>Tract 2 Totals</b>			2.790%		0.02790000
3	Barnum S. Powers, Jr. and Elizabeth Ann Powers, H/W Route 1, Box 402 Clintwood, VA 24228	Unleased	0.188%	0.110	0.00023500
	Franklin Powers, Single Box 193 Clinchco, VA 24226	Unleased	0.188%	0.110	0.00023500
	Darrell C. Powers and Dorothy Powers, H/W Box 193 Clinchco, VA 24226	Unleased	0.188%	0.110	0.00023500
	Gaynell Sykes and Clair Sykes, W/H 3719 Grandin Road S.W. Roanoke, VA 24018	Unleased	0.188%	0.110	0.00023500
	Betty Lou Powers, Widow 202 Dogwood Drive Greeneville, TN 37743	Unleased	0.188%	0.110	0.00023500
	Equitable Resources Exploration				0.00822500
<b>Tract 3 Totals</b>			0.940%		0.00940000
<b>GAS ESTATE TOTALS</b>			100.000%	58.770	1.00000000

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**EXHIBIT "B"**  
**VC-2585**  
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<u>TRACT</u>	<u>LESSOR</u>	<u>LEASE STATUS</u>	<u>INTEREST WITHIN UNIT</u>	<u>GROSS ACREAGE IN UNIT</u>	<u>NET REVENUE INTERESTS</u>
<b><u>Coal Estate Only</u></b>					
1	Clinchfield Coal Co. Attn: Steve Smith P. O. Box 5199 Lebanon, VA 24226	Leased-EREX 241490L Tract T-411	96.270%	56.580	0.12033750
	Equitable Resources Exploration				0.84236250
<b>Tract 1 Totals</b>			96.270%		0.96270000
2	Clinchfield Coal Co. Attn: Steve Smith P. O. Box 5199 Lebanon, VA 24226	Leased-EREX 241490L Tract T-408	2.790%	1.640	0.00348750
	Equitable Resources Exploration				0.02441250
<b>Tract 2 Totals</b>			2.790%		0.02790000
3	Clinchfield Coal Co. Attn: Steve Smith P. O. Box 5199 Lebanon, VA 24226	Leased-EREX 241640L Tract T2C-244	0.940%	0.550	0.00117500
	Equitable Resources Exploration				0.00822500
<b>Tract 3 Totals</b>			0.940%		0.00940000
<b>COAL ESTATE TOTALS</b>			100.000%	58.770	1.00000000

VIRGINIA: IN THE OFFICE OF THE CLERK OF THE CIRCUIT COURT OF DICKENSON COUNTY, April 11, 1996. This deed was this day presented in said office, and upon the certificate of acknowledgment thereto annexed, admitted to record at 2:05 o'clock P.M., after payment of \$ tax imposed by Sec. 58.1-802.

Original returned this date to: Diane Davis

TESTE: JOE TATE, CLERK  
 BY: Lula Lorge D. CLERK